Democrats Decried Dark Money. Then They Won With It in 2020.

A New York Times analysis reveals how the left outdid the right at raising and spending millions from undisclosed donors to defeat Donald Trump and win power in Washington.

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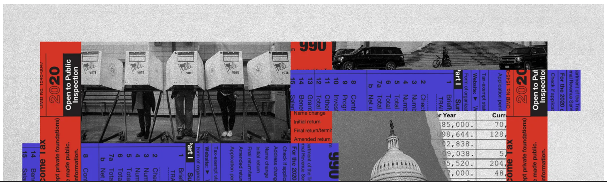

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Mark Harris

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For much of the last decade, Democrats complained — with a mix of indignation, frustration and envy — that Republicans and their allies were spending hundreds of millions of difficult-to-trace dollars to influence politics.

"Dark money" became a dirty word, as the left warned of the threat of corruption posed by corporations and billionaires that were spending unlimited sums through loosely regulated nonprofits, which did not disclose their donors' identities.

Then came the 2020 election.

Spurred by opposition to then-President Trump, donors and operatives allied with the Democratic

Party embraced dark money with fresh zeal, pulling even with and, by some measures, surpassing Republicans in 2020 spending, according to a New York Times analysis of tax filings and other data.

The analysis shows that 15 of the most politically active nonprofit organizations that generally align with the Democratic Party spent more than $1.5 billion in 2020 — compared to roughly $900 million spent by a comparable sample of 15 of the most politically active groups aligned with the G.O.P.

The findings reveal the growth and ascendancy of a shadow political infrastructure that is reshaping American politics, as megadonors to these nonprofits take advantage of loose disclosure laws to make multimillion-dollar outlays in total secrecy. Some good-government activists worry that the exploding role of undisclosed cash threatens to accelerate the erosion of trust in the country's political system.

Democrats' newfound success in harnessing this funding also exposes the stark tension between their efforts to win elections and their commitment to curtail secretive political spending by the superrich.

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GUALTIERI
Jorgensen

Spurred by opposition to President Trump, donors and operatives allied with the Democratic Party embraced dark money with fresh zeal in 2020. Eve Edelheit for The New York Times

A single, cryptically named entity that has served as a clearinghouse of undisclosed cash for the left, the Sixteen Thirty Fund, received mystery donations as large as $50 million and disseminated grants to more than 200 groups, while spending a total of $410 million in 2020 — more than the Democratic National Committee itself.

But nonprofits do not abide by the same transparency rules or donation limits as parties or campaigns — though they can underwrite many similar activities: advertising, polling, research, voter registration and mobilization and legal fights over voting rules.

The scale of secret spending is such that, even as small donors have become a potent force in politics, undisclosed money dwarfed the 2020 campaign fund-raising of President Biden (who raised a record $1 billion) and Mr. Trump (who raised more than $810 million).

Headed into the midterm elections, Democrats are warning major donors not to give in to the financial complacency that often afflicts the party in power, while Republicans are rushing to level the dark-money playing field to take advantage of what is expected to be a favorable political climate in 2022.

At stake is not just control of Congress but also whether Republican donors will become more unified with Mr. Trump out of the White House. Two Republican secret-money groups focused on Congress said their combined fund-raising reached nearly $100 million in 2021 — far more than they raised in 2019.

Major nonprofit groups aligned with the Democratic Party

ORGANIZATION	SPENDING IN 2020
Total	$1,725,759,799
Adjusted total*	$1,513,291,420
Sixteen Thirty Fund	$410,038,247
America Votes	$250,000,000
Majority Forward	$185,000,000
Future Forward USA Action	$149,377,966
Hopewell Fund	$127,636,237

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Major nonprofit groups aligned with the Republican Party

ORGANIZATION	SPENDING IN 2020
Total	$972,501,426
Adjusted total*	$904,202,426
One Nation	$195,992,551
Stand Together Chamber of Commerce Inc.	$170,671,786
U.S. Chamber of Commerce	$169,020,709
Americans for Prosperity	$78,329,056
America First Policies Inc.	$66,234,305

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* Spending is adjusted to subtract transfers between groups.
Note: Several of these nonprofit groups file their tax returns on schedules that do not align with the calendar year. Some of the groups voluntarily provided total spending figures for the 2020 calendar year, which were used in the analysis. In other cases, the analysis used figures from the tax returns that covered part of 2019 and part of 2020.

Here's how we conducted our analysis.

The Times's analysis of 2020 data is likely incomplete: Lax disclosure rules and the groups' intentional opacity make a comprehensive assessment of secret money difficult, if not impossible. Nonprofits come and go, adapting to shifts in political power and tactics. Some exist in the gray space between philanthropy and politics, many transfer money back and forth, and some can remain hidden in unexamined tax filings for years.

Yet a number of strategists in both parties said their own understanding comported with The Times's findings that the left eclipsed the right in politically oriented nonprofit spending and sophistication in 2020.

That shift was fueled by several factors.

The big-money right was fractured over whether to support Mr. Trump's re-election. Anti-Trump Republicans started new groups that were welcomed into the left's big-money firmament: Defending Democracy Together, co-founded in 2018 by the conservative pundit William Kristol, spent nearly $40 million in 2020 — $10.5 million of it from the Sixteen Thirty Fund. And Mr. Trump's baseless claims about voter fraud hamstrung Republican efforts to compete with progressive groups that spent heavily to promote early and mail voting.

On the left, the prospect of a second Trump term spurred a new class of megadonors, and helped allay lingering qualms about the corrosive effect of secret money among some Democrats.

"A range of donors — not just traditional progressive Democrats — had a wake-up call around 2019 where they realized that our constitutional republic was at risk, and that they had to compete through whatever financing vehicles they could, which resulted in a tremendous outpouring of support," said Rob Stein, a longtime Democratic strategist and adviser to some of the party's biggest donors.

Mr. Stein, who now focuses on finding common ground between the parties, worries that the increasing embrace of secret-money vehicles will usher in "an ominous new dark-money arms race" and further undermine fraying public trust in government and elections.

There is no legal definition of "dark money," but it generally has been understood to mean funds spent to influence politics by nonprofits that do not disclose their donors. These groups are usually incorporated under the tax code as social-welfare and advocacy groups or business leagues. Legally, these groups are allowed to spend money on partisan politics, but it is not supposed to be their primary purpose.

The Times also included a select few charities, which provide donors not only anonymity but also a lucrative tax deduction. Charities are supposed to completely abstain from partisan activity, but some have taken advantage of provisions in the tax code that allow them to engage in the political sphere through efforts that are technically nonpartisan, like voter education and registration. On the left, two charities raised tens of millions of dollars each for registration efforts that employed pinpoint targeting of demographic groups that typically vote Democratic.

The analysis also looked into two charitable groups, one aligned with Democrats and one with Republicans, that doled out millions of dollars in grants to nonprofits that engage in voter outreach, and which spent millions more on litigation over voting rules.

The left's advantage in secret spending holds true even if these charitable groups are excluded from the analysis.

Kevin McLaughlin, who oversaw the Senate Republicans' campaign arm in 2020, marveled at how Democrats had "built an elaborate, multibillion-dollar dark-money network, while simultaneously railing against the scourge of dark money."

Republicans still gave heavily to political nonprofits in 2020, though the most well-funded efforts were primarily focused on Congress, underscoring how some donors remained committed to the party even when they were less enthusiastic about directly supporting Mr. Trump.

Two nonprofit groups affiliated with Republican House and Senate leaders were roughly at financial parity with three similar Democratic groups, according to tax records and interviews.

Beyond those nonprofits, Mr. McLaughlin said, "Republicans are bringing spitballs to a gunfight."

Senator Sheldon Whitehouse, Democrat of Rhode Island, said the proliferation of dark money "disserves democracy." Jason Andrew for The New York Times

Democrats' conflicted history

Back in 2005, Mr. Stein helped start the Democracy Alliance, which would grow into an influential club of some of the wealthiest donors on the left. Warning of the superiority of conservative infrastructure, he urged affluent liberals to create counterweights. They responded, seeding institutions like the turnout group America Votes, the Media Matters watchdog group and the Center for American Progress think tank.

But Democrats' concerns about losing the big-money race spiked again after the Supreme Court's 2010 Citizens United decision. It expanded the kinds of permissible political spending by nonprofits and unleashed a torrent of dark money into elections, particularly on the right, where the industrialists Charles G. and David H. Koch oversaw a political operation that came to outstrip the Republican Party financially.

Democrats publicly assailed the Koch operation as epitomizing a corrupting dark-money takeover of American politics. Privately, they plotted ways to compete.

Not long after Mr. Trump's inauguration, Mr. Stein returned to the alliance with an alarming new analysis outlining how, by 2016, the right's spending advantage had resulted in "political dominance" in 30 states and nationally.

As their outrage grew over Mr. Trump's presidency, so too did Democrats' giving. Money went to an array of nonprofits working to undermine Mr. Trump, and to boost Democrats.

Campaign watchdogs argue that, since some of that spending went to functions similar to those of party and campaign committees, the same anticorruption disclosure laws should apply. The watchdogs say that dark-money groups flout the spirit of those laws by casting their efforts as focused solely on issues, and not elections.

In North Carolina, for instance, a group called Piedmont Rising received $7 million from the Sixteen Thirty Fund and spent $9 million, much of it attacking Senator Thom Tillis, a Republican up for re-election. Some of the group's ads were designed to look like local news reports from an outlet calling itself the

“North Carolina Examiner.”

Senator Sheldon Whitehouse, Democrat of Rhode Island, who has sponsored legislation to crack down on secret spending, said the proliferation of dark money has unleashed a “tsunami of slime” that “disserves democracy.”

But he saw one potential silver lining. “With any luck, now that the Democrats are more seriously in the dark-money business,” he said, “Republicans actually might begin to support some transparency.”

President Biden last year urged the Senate to advance legislation to rein in dark money, but it was part of a package that was blocked in January.

The legislation would have closed a loophole that allows nonprofits to transfer secret money into super PACs.

In 2020, the two main super PACs devoted to helping Mr. Biden’s campaign received $37.5 million in dark money. The main super PAC devoted to Mr. Trump received $20.3 million from a linked nonprofit.

A Biden-backing nonprofit, Future Forward USA Action, with ties to Silicon Valley billionaires, raised $150 million in 2020 and transferred more than $60 million to an affiliated super PAC, while directly spending nearly $25 million on TV ads, almost $2.6 million on polling and analytics and $639,000 on focus groups, federal records show.

That group’s top data scientist, David Shor, has emerged as a leading Democratic strategist. “I try to elect Democrats,” his Twitter bio reads. Tax records show that he worked 35 hours a week in 2020 for the nonprofit, whose primary purpose is not supposed to be partisan. Future Forward said it advocated for candidates that supported its agenda “consistent with normal nonprofit organizations like ours.”

The lines were just as blurry on the right.

One Nation, a nonprofit affiliated with Senator Mitch McConnell, the Republican leader, transferred $85 million in 2020 to a linked super PAC, which in turn paid One Nation for rent, salaries and other costs.

In each case, had the donors given directly to the super PACs, their names would have been publicly disclosed. Because the money took an indirect route through a nonprofit, their identities remain unknown.

Political chess match

A foundation backed by George Soros, the billionaire investor, was among contributors to nonprofits involved in progressive issues. Lisi Niesner/Reuters

Pierre Omidyar, the billionaire founder of eBay, disclosed personal and foundation gifts to groups in a network of left-leaning nonprofits. Randy Shropshire/Getty Images

While the Kochs pioneered the use of centralized hubs to disseminate dark money to a broader network, the left has in some ways improved on the tactic — reducing redundancy, increasing synergy, and making it even harder to trace spending back to donors.

One of the leading purveyors of this technique now is the Sixteen Thirty Fund, which serves as a fiscal sponsor, incubating and supporting an array of progressive projects. Amy Kurtz, the fund's president, said those projects solicit donations to the fund and direct how the money is spent. All told, Sixteen Thirty provided grants to more than 200 groups — many operating in battleground states.

"While we are dedicated to reducing the influence of special interest money in our politics, we are also committed to level the playing field for progressives," Ms. Kurtz wrote in a post about the group's 2020 spending.

Sixteen Thirty is part of a broader network of progressive nonprofits that donors used to fill specific spaces on the political chessboard.

The groups in the network, which also included Hopewell Fund, New Venture Fund, North Fund and Windward Fund, were administered by a for-profit consulting firm called Arabella Advisors. Taken together, the Arabella network spent a total of nearly $1.2 billion in 2020, including paying Arabella a combined $46.6 million in 2020 in management fees, according to the funds' tax filings.

While the Arabella-managed groups do not disclose their donors, foundations backed by some of the biggest donors on the left have disclosed major donations to the network. Pierre Omidyar, the billionaire eBay founder, disclosed personal and foundation gifts of $45 million to Sixteen Thirty and $1.6 million to Hopewell. A foundation backed by George Soros disclosed gifts of $17 million to Sixteen Thirty and $5 million to Hopewell.

Steve Sampson, an Arabella spokesman, sought to downplay the firm's role or comparisons to the Koch network, casting it as providing administrative services rather than strategizing how to build the extra-party infrastructure of the left. "We work for the nonprofit, not the other way around," he said in a statement.

On the left and right, dark-money hubs mixed politically oriented spending with less political initiatives. The Koch network's main financial hub gave $575,000 to the LeBron James Family Foundation. Hopewell gave nearly $3.8 million to a clinic that provides abortion services and more than $2 million to a Tulane University fund.

In weighing which nonprofits to include in its analysis, The Times considered both their spending on politically oriented efforts, as well as their relationships with allied groups. Some major institutions, such as the National Rifle Association and the Sierra Club, are involved in politics but were excluded because they spent heavily on membership-oriented activities.

The analysis includes three of the five Arabella-administered nonprofits, among them one charity, the Hopewell Fund. It donated to groups that work to reduce the role of big money in politics, but it also gave $8.1 million to a dark-money group called Acronym, which spent millions of dollars on Facebook advertising and backed a company called Courier Newsroom that published articles favoring Democrats and received millions of dollars from dark money groups. It was paid $2.6 million by a nonprofit linked to House Democratic leadership to promote articles.

Hopewell also sponsored a project called Democracy Docket Legal Fund that filed lawsuits to block Republican-backed voting restrictions enacted across the country. It was led by a top Democratic Party election lawyer, Marc E. Elias. His firm at the time, Perkins Coie, was paid $9.6 million by Hopewell, according to tax returns, and another $11.6 million by the Biden-backing Priorities USA nonprofit group.

Two other groups, the Voter Participation Center and the Center for Voter Information, spent a combined $147.5 million in 2020 to register and mobilize voters. They described their targets as "young people, people of color and unmarried women" — demographics that tend to lean Democratic — and said they registered 1.5 million voters in 2020.

Tom Lopach, a former Democratic strategist who now runs both groups, said their work was apolitical and "an extension of civil rights efforts."

Republicans race to close gap

Charles G. Koch, and his late brother David H. Koch, oversaw an operation that helped Republicans. He has expressed regret over the partisan focus of those efforts. David Zalubowski/Associated Press

Some groups on the right spent dark money battling Democrats in court over voting laws.

An entity called the Honest Elections Project financed legal briefs defending measures that Republicans cast as protections against fraud but that were being challenged by Mr. Elias as hurdles to voting. It appears to have been the intended recipient of $4.8 million from a dark money group known then as America First Policies, which was started by Trump allies and helped fund a pro-Trump super PAC.

Honest Elections was housed within a nonprofit called the 85 Fund, a charity that is part of a network formed by Leonard A. Leo, a conservative legal activist, to counter what he saw as the left's increasing superiority in nonprofit political infrastructure.

Mr. Leo left his position as executive vice president of The Federalist Society last year to become chairman of a company called CRC Advisors, modeled on Arabella. Mr. Leo said in a statement that Arabella and its affiliated nonprofits "have added significant firepower to the left's political agenda."

"We believe our enterprise can do the same for the conservative mission," Mr. Leo said.

The Leo-linked groups — the 85 Fund, Rule of Law Trust and The Concord Fund — emerged as a dark-money force in 2020, spending $122 million on issues that animate the conservative base, including judicial confirmation fights.

But their resources paled in comparison to the biggest traditional dark-money powers on the right, which have drawn criticism from allies for backing away from Republicans during the Trump years.

Charles Koch expressed regret over his network's financial backing of Republicans and proclaimed that his network had "abandoned partisanship" in favor of bipartisan efforts like overhauling the criminal justice system. The United States Chamber of Commerce was accused by a former political strategist of drifting to the left in the weeks before the 2020 election.

A handful of ventures on the right have aspired to fill the vacuum.

Marc Short, who once ran the Koch political operation and later was a top Trump White House aide, raised $15 million for a group started last year to fight Mr. Biden's domestic spending bill.

"There were some big battles that were going to be fought on taxes, and we did not see that there were groups that were prepared to fight them," Mr. Short said.

Mr. Biden's allies created their own dark-money nonprofit to rally support for the bill.

How The Times Investigated Dark Money

The New York Times's analysis of dark money in 2020 relies primarily on spending figures disclosed by nonprofit groups in their annual I.R.S. tax filings. The Times reviewed the filings of more than 150 nonprofits to select 15 of the most active politically oriented organizations that generally aligned with each party.

Several of the nonprofit groups included in the analysis file their returns on schedules that do not align with the calendar year. In some cases, those groups voluntarily provided total spending figures for the 2020 calendar year, which were used in the analysis. In other cases, the analysis used figures from the tax returns that covered part of 2019 and part of 2020.

The analysis includes groups registered as chambers of commerce, social welfare groups and charities, registered under sections 501(c)(6), 501(c)(4) and 501(c)(3) of the tax code, respectively.

It does not include think tanks, which can play an outsize role in shaping political debates; donor-advised funds, which funnel hundreds of millions of dollars from major donors into causes that are both political and apolitical; or labor unions, some of which spend heavily on politics, but which are funded mostly by smaller dues payments from individual members.

Grants and transfers made between the groups in the analysis were omitted from the overall spending tallies, but were included in the totals of individual groups.

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